

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska Public Service Commission, on its own motion, seeking to establish guidelines for the purpose of certifying the use of federal universal service support.)	Application No. NUSF-25
)	
)	Progression Order #14
)	
)	

COMMENTS OF RTCN

I. INTRODUCTION

The Rural Telecommunications Coalition of Nebraska (the "RTCN") respectfully submits these comments in connection with the Nebraska Public Service Commission's (the "Commission") November 1, 2005, Progression Order #14 (the "Order"). In the Order, the Commission sought comments regarding the establishment of guidelines by the Commission for the purpose of certifying the use of federal universal service support.

For purposes of this docket, RTCN consists of the following rural independent local exchange carriers ("LEC"): Arapahoe Telephone Company d/b/a ATC Communications, Benkelman Telephone Company, Inc., Cozad Telephone Company, Curtis Telephone Company, Diller Telephone Company, Glenwood Telephone Membership Corporation, Hartman Telephone Exchanges, Inc., Keystone-Arthur Telephone Company, Mainstay Communications, Plainview Telephone Company, Wauneta Telephone Company, and WesTel Systems f/k/a Hooper Telephone Company. RTCN appreciates the opportunity to participate in this docket and is willing to work with the Commission and other parties to examine various options for assuring appropriate use of federal universal service support. RTCN respectfully submits the following comments in response to the Commission's Order:

II. Existing Reporting Requirements for LECs Already Ensure that High-Cost Support is Used for Its Intended Purpose.

LECs are subject to earnings reporting requirements and earnings restrictions, as established in *In the Matter of the Application of the Nebraska Public Service Commission, on its own Motion, Seeking to Conduct an Investigation into Intrastate Access Charge Reform*, Findings and Conclusions, Application No. C-1628/NUSF-1 (January 13, 1999). These earning limitations ensure that LECs receive high-cost support amounts that offset the costs associated with providing local exchange service in high cost areas.¹ Through the NUSF EARN process, LECs are already held accountable for the use of high-cost support. Therefore, any additional reporting requirements for LECs would be redundant and unnecessary.

III. Additional ETC Reporting Requirements are Necessary to Ensure that Wireless ETCs Use Federal Support for Its Intended Purpose.

Currently, wireless ETCs are not required to comply with the earnings limitations that the Commission has imposed upon LECs. Accordingly, it is necessary for the Commission to have alternative methods to assure that wireless ETCs are using federal universal service support for its intended purpose. In addition to the lack of earnings restrictions and earnings reporting requirements for wireless ETCs in Nebraska, there are two additional reasons why the Commission should place additional reporting requirements on wireless ETCs.

First, unlike universal service support for LECs, competitive wireless ETC support is not attributable to any investments made or costs incurred to provide service by the wireless ETC.

¹In the event that the NUSF support received by a LEC exceeds the cost of providing local exchange service, the excess support must be refunded.

Under current FCC rules, federal high-cost support for wireless ETCs is identical to the per-line amount received by the incumbent LEC. When universal service support is based on the carrier's own investments and costs (as is the case for incumbent wireline ETCs), it is easy to ascertain that universal service support is being used to provide service in high-cost areas at affordable rates. However, when the carrier's support is unrelated to the investments and costs of providing universal service,² it is much more difficult to ascertain how such support is being utilized.³ Second, also unlike rural LECs, wireless ETCs do not use universal service support to lower customer rates in high-cost areas. Generally, wireless carriers offer the same calling plans at the same prices to all customers, regardless of ETC status. Unlike the rural LECs, wireless ETCs do not use universal service support to reduce rates for existing calling plans.

Wireless ETCs assert that universal service support will be used solely for the construction of facilities in high-cost areas. Accordingly, wireless ETCs should be required to provide the actual locations and amounts of each of its investments of high-cost support. This will provide the Commission with the ability to ascertain that wireless carriers are actually using universal service support for its intended purpose. Finally, if wireless ETCs advocate for parity with LECs, the Commission should establish earnings limitations and earnings reporting requirements for wireless ETCs.

²Wireless ETCs receive support attributable to the investments and costs of the incumbent LEC, which bears little resemblance to the costs of providing wireless service in the same service area.

³"The USF subsidy represents an incremental revenue source, which we believe should improve our revenue and EBITDA estimates by \$6-8 million during the first quarter and \$24-30 million during 2003 as *the incremental revenue is almost all margin.*" *Western Wireless (WWCA): USF Provides Upside to Our EBITDA Estimate*, Salomon Smith Barney Research Note, issued January 9, 2003, at page 2 (emphasis added). Quote from Western Wireless CEO John Stanton in a meeting with the investment community.

IV. CONCLUSION

In conclusion, existing reporting requirements for LECs already ensure that high-cost support is used for its intended purpose, and therefore, additional reporting requirements for LECs is unnecessary. In light of the lack of earnings restrictions and earnings reporting requirements on wireless ETCs, the Commission should introduce the previously approved reporting requirements upon wireless ETCs to enable the Commission to assure that high-cost support for wireless ETCs is used for its intended purpose.

Dated this 6th day of December, 2005.

RURAL TELECOMMUNICATIONS COALITION
OF NEBRASKA ("RTCN")

Arapahoe Telephone Company d/b/a ATC
Communications,
Benkelman Telephone Company, Inc.,
Cozad Telephone Company,
Curtis Telephone Company,
Diller Telephone Company,
Glenwood Telephone Membership Corporation,
Hartman Telephone Exchanges, Inc.,
Keystone-Arthur Telephone Company,
Mainstay Communications,
Plainview Telephone Company,
Wauneta Telephone Company, and
WesTel Systems f/k/a Hooper Telephone Company.

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CERTIFICATE OF SERVICE

I hereby certify that on the 6th day of December, 2005, the original and five (5) paper copies together with an electronic copy of the foregoing Comments were served upon Andy S. Pollock, Executive Director of the Commission, by hand delivery.

Timothy F. Clare

NUSF-25 Comments of RTCN (00056207.WPD;2)